

Township of Alpine
Kent County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended June 30, 2008

CONTENTS

	<i>Page</i>
MANAGEMENT'S DISCUSSION AND ANALYSIS	i - vii
INDEPENDENT AUDITORS' REPORT	3 - 4
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net assets	5
Statement of activities	6
Fund financial statements:	
Balance sheet - governmental funds	7
Statement of revenues, expenditures, and changes in fund balances - governmental funds	8
Statement of net assets - proprietary fund	9
Statement of revenues, expenses, and changes in fund net assets - proprietary fund	10
Statement of cash flows - proprietary fund	11
Statement of fiduciary net assets - Agency Fund	12
Notes to financial statements	13 - 23
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule - General Fund	24 - 32
SUPPLEMENTARY DATA	
Schedules of debt retirement and annual interest requirements	33 - 44
OTHER INFORMATION	
Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure	45 - 51

MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Township of Alpine's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased by \$726,579 (4 percent) as a result of this year's activities. Net assets of the governmental activities increased by \$923,446, and the net assets of the business-type activities decreased by \$196,870.
- Of the \$19,078,066 total net assets reported, \$3,613,810 (19 percent) is unrestricted, or available to be spent at the discretion of the Board.
- The General Fund's unreserved fund balance at the end of the fiscal year was \$1,833,126, which represents 63 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual financial report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents additional information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental fund statements tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business. The proprietary funds present information about the Township's wastewater treatment system.
 - Fiduciary fund statements provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as fire and police protection and general government. State shared revenue and property taxes finance most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of the services it provides. The Township's sewer system is reported here.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues.

The Township has three kinds of funds:

1. *Governmental funds*. Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out and, (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship between them.

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

2. *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise fund (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows.
3. *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net assets. Total net assets at the end of the fiscal year were \$19,078,006, an increase of 4 percent compared to the prior year. Of this total, \$14,362,904 is invested in capital assets and \$1,101,367 is restricted for capital projects and debt service. Consequently, unrestricted net assets were \$3,613,810, or 19 percent of the total.

Condensed financial information
Net Assets

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2006</i>
Current and other assets	\$ 3,557,598	\$ 3,455,825	\$ 2,453,778	\$ 3,881,983	\$ 6,011,376	\$ 7,337,808
Capital assets	5,201,570	4,618,228	23,289,081	21,831,192	28,490,651	26,449,420
Total assets	8,759,168	8,074,053	25,742,859	25,713,175	34,502,027	33,787,228
Long-term debt outstanding	1,055,000	1,205,000	13,072,747	13,649,672	14,127,747	14,854,672
Other liabilities	233,156	321,490	1,063,118	259,639	1,296,274	581,129
Total liabilities	1,288,156	1,526,490	14,135,865	13,909,311	15,424,021	15,435,801
Net assets:						
Invested in capital assets, net of related debt	4,146,570	3,413,228	10,216,334	8,181,520	14,362,904	11,594,748
Restricted	740,227	1,422,604	361,065	398,467	1,101,292	1,821,071
Unrestricted	2,584,215	1,711,731	1,029,595	3,223,877	3,613,810	4,935,608
Total net assets	\$ 7,471,012	\$ 6,547,563	\$ 11,606,994	\$ 11,803,864	\$ 19,078,006	\$ 18,351,427

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Changes in net assets. The Township's total revenues are \$5,048,335. More than 28 percent of the Township's revenues are derived from sewer charges while 19 percent comes from state shared revenue and 15 percent from property taxes. A significant amount of revenue (\$1,066,673) was derived from capital contributions during the current year. Most of this revenue consists of special assessments and capital contributions associated with the Alpenhorn, Henze Road and Walmart water-main construction project completed during the fiscal year.

The total cost of all the Township's programs, covering a wide range of services, totaled \$4,237,936. More than 45 percent of the Township's costs relate to the provision of sewer services. Public safety costs account for 24 percent of the costs and general government costs account for 18 percent of the Township's total costs.

Condensed financial information
Changes in Net Assets

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2006</i>
Program revenues:						
Charges for services	\$ 390,487	\$ 459,824	\$ 1,406,371	\$ 1,354,229	\$ 1,796,858	\$ 1,814,053
Capital grants and contributions	873,529	994,611	193,144	117,340	1,066,673	1,111,951
Operating grants and contributions	12,511	91,021	-	-	12,511	91,021
General revenues:						
State shared revenue	967,027	944,060	-	-	967,027	944,060
Property taxes	763,782	721,267	-	-	763,782	721,267
Interest income	116,397	154,058	123,208	169,589	239,605	323,647
Franchise fees	118,059	120,519	-	-	118,059	120,519
Total revenues	<u>3,241,792</u>	<u>3,485,360</u>	<u>1,722,723</u>	<u>1,641,158</u>	<u>4,964,515</u>	<u>5,126,518</u>
Expenses:						
Sewer	-	-	1,919,593	1,504,276	1,919,593	1,504,276
Public safety	1,025,943	943,363	-	-	1,025,943	943,363
General government	760,303	693,458	-	-	760,303	693,458
Public works	307,784	271,896	-	-	307,784	271,896
Community and economic development	95,067	103,366	-	-	95,067	103,366
Interest	38,533	62,375	-	-	38,533	62,375
Culture and recreation	72,790	61,263	-	-	72,790	61,263
Legislative	17,923	18,915	-	-	17,923	18,915
Total expenses	<u>2,318,343</u>	<u>2,154,636</u>	<u>1,919,593</u>	<u>1,504,276</u>	<u>4,237,936</u>	<u>3,658,912</u>
Increase (decrease) in net assets	<u>\$ 923,449</u>	<u>\$ 1,330,724</u>	<u>\$ (196,870)</u>	<u>\$ 136,882</u>	<u>\$ 726,579</u>	<u>\$ 1,467,606</u>

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Governmental activities. Governmental activities increased the Township's net assets by \$923,449 compared to a \$1,330,724 increase in the prior year. The substantial increase in net assets in the current year was created by the following significant items:

- Capital contributions, in the amount of \$581,997, were received from customers that paid for a portion of the street and water-main construction projects.
- Property taxes increased by nearly \$43,000.

The cost of all governmental activities this year was \$2,318,343. After subtracting the direct charges to those who directly benefited from the programs (\$390,487), and operating and capital grants (\$886,040), the "public benefit" portion covered by property taxes, state shared revenue, and other general revenues was \$1,041,816.

Business-type activities. Business-type activities decreased the Township's net assets by \$196,870. This decrease can be attributed to the increase in the Township's portion of required interest payments on contracts payable to the North Kent Sewer Authority.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,654,401, an increase of \$158,660 in comparison with the prior year. A portion of the fund balances, amounting to \$223,300, is reserved to indicate that it is not available for new spending because it has already been committed for debt service. The remaining fund balances, in the amount of \$2,431,101, constitutes unreserved fund balance, which is available for spending at the Board's discretion. Of this amount, \$454,074 has been designated by the Board for specific purposes, leaving \$1,977,027 of undesignated fund balances.

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved and undesignated fund balance amounted to \$1,379,052, which represents 49 percent of the actual total General Fund expenditures for the current fiscal year. The fund balance increased by \$172,901 during the fiscal year compared to a \$602,858 increase in the prior year. The prior year increase was primarily the result of the issuance of bonds in the amount of \$690,000. During the current year, the Township experienced a \$260,043 increase in revenues because other revenues, which includes special assessments and capital contributions, increased by \$290,156. Total expenditures decreased by \$92,255 during the current fiscal year with significant reductions in public works (\$95,041) and debt service (\$37,639) expenditures.

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS (Continued)

The Water Improvement Fund experienced an increase in fund balance of \$14,050. The increase was a result of the collection of trunkage fees and special assessments with no repair costs during the year.

The Debt Service Fund experienced a decrease in fund balance in the amount of \$28,291 because debt service costs exceeded special assessment collections in the current year.

Proprietary fund. The Sewer Fund experienced a decrease in net assets of \$196,870 due to reasons explained above. Net assets are \$11,606,994 at year end of which \$1,029,595 was unrestricted.

General Fund budgetary highlights

The Township amended the General Fund budget to increase total expenditures by \$682,786 to reflect anticipated cost increases, primarily the Alpine Avenue construction project.

Revenues were \$32,858 less than budgeted while expenditures were \$134,998 less than the amounts appropriated. The result was a \$102,140 positive budget variance and a \$172,901 increase in fund balance compared to a budgeted \$70,761 increase.

Capital assets and debt administration

Capital assets.

The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$28,490,651 (net of accumulated depreciation). This investment includes a broad range of assets including land, buildings, equipment, and infrastructure. The increase in the Township's net investment in capital assets for the current fiscal year was \$2,041,231.

Major capital asset events during the current fiscal year included the following:

- A net increase of \$1,890,431 in the intangible assets of the Sewer Fund due to a net increase in the related contracts payable issued to acquire the assets.
- A street and water-main construction project, involving the improvement on Henze Road, was completed during the current year. The total cost of the project was \$606,011.
- York Creek Drain improvements with costs of \$225,598 were completed during the current year.

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Long-term debt.

At the end of the fiscal year, the Township had total long-term bonds and contracts outstanding in the amount of \$14,127,747, which represents a net decrease of \$726,925. Of this amount, \$13,072,747 consists of debt backed by the full faith and credit of the Township. Another \$1,304,000 represents bonds secured solely by specific revenue sources (i.e., special assessments).

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital assets and debt administration (Continued)

During the year ended June 30, 2008 the Township decreased its long-term debt through principal payments, in the amount of \$297,736, and net reductions in the Township's contracts payable totaling \$429,189. All debt service payments were made in a timely manner.

Other long-term debt obligations, totaling \$23,818, represent accrued compensated absences.

More detailed information about the Township's noncurrent liabilities is presented in Note 8 of the notes to the basic financial statements.

Economic condition and outlook

The fund balance of the General Fund is projected to remain in the range that represents three to six months of anticipated expenditures; however, the Township Board continues to monitor expenditures carefully due to the uncertainty of our future revenue streams. Our concerns include the following:

- State shared revenue, the Township's largest revenue source, remains flat. In general, the Michigan economy has not yet reached bottom.
- The adequacy of reserves for a fire truck acquisition through the County in 2010.

The Township has agreed to incur costs, approximating \$385,000, to improve the water system within the Township that is owned by Plainfield Charter Township. Available resources of the Township's Water Improvement Fund will finance these costs.

The Township's enterprise operation, its wastewater treatment services, will experience significant changes in future years. The Township is participating in the construction of a new wastewater treatment plant facility, through the North Kent Sewer Authority, that will increase the cost of this service. The plant will begin operating in November 2008. The Township Board will determine the increase necessary in quarterly service charges to its customers in anticipation of these rising costs.

Contacting the Township's financial management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Jean Wahlfield, Township Clerk
5255 Alpine Avenue NW
Comstock Park, Michigan 49321

October 28, 2008

To the Board of Trustees
Township of Alpine

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Alpine for the year ended June 30, 2008, and have issued our report thereon dated October 28, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 23, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Alpine are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by Township of Alpine during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were capital asset depreciation and the valuation of intangible assets and the debt associated with the intangible assets.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Board of Trustees
Township of Alpine, Michigan
Page 2

The other information designated as "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" in the contents is also presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Township of Alpine, Michigan. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

Sigfried Crandall P.C.

October 28, 2008

BASIC FINANCIAL STATEMENTS

Township of Alpine
STATEMENT OF NET ASSETS
June 30, 2008

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 2,662,513	\$ 1,834,495	\$ 4,497,008
Receivables	<u>315,895</u>	<u>219,517</u>	<u>535,412</u>
Total current assets	<u>2,978,408</u>	<u>2,054,012</u>	<u>5,032,420</u>
Noncurrent assets:			
Receivables	579,190	399,766	978,956
Capital assets not being depreciated - land	1,033,852	-	1,033,852
Capital assets, net of depreciation	<u>4,167,718</u>	<u>23,289,081</u>	<u>27,456,799</u>
Total noncurrent assets	<u>5,780,760</u>	<u>23,688,847</u>	<u>29,469,607</u>
Total assets	<u>8,759,168</u>	<u>25,742,859</u>	<u>34,502,027</u>
LIABILITIES			
Current liabilities:			
Payables	219,238	1,063,118	1,282,356
Bonds and contracts payable	<u>195,000</u>	<u>149,051</u>	<u>344,051</u>
Total current liabilities	<u>414,238</u>	<u>1,212,169</u>	<u>1,626,407</u>
Noncurrent liabilities:			
Compensated absences	23,818	-	23,818
Bonds and contracts payable	<u>860,000</u>	<u>12,923,696</u>	<u>13,783,696</u>
Total noncurrent liabilities	<u>883,818</u>	<u>12,923,696</u>	<u>13,807,514</u>
Total liabilities	<u>1,298,056</u>	<u>14,135,865</u>	<u>15,433,921</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,146,570	10,216,334	14,362,904
Restricted for:			
Capital projects	599,900	-	599,900
Debt service	731,402	361,065	1,092,467
Unrestricted	<u>1,983,240</u>	<u>1,029,595</u>	<u>3,012,835</u>
Total net assets	<u>\$ 7,461,112</u>	<u>\$ 11,606,994</u>	<u>\$ 19,068,106</u>

See notes to the financial statements

Township of Alpine
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities:				
Legislative	\$ 17,923	\$ -	\$ -	\$ -
General government	760,303	176,375	-	-
Public safety	1,025,943	174,578	5,121	-
Public works	307,784	35,011	7,390	863,998
Community and economic development	95,067	-	-	-
Recreation and culture	72,790	4,523	-	-
Interest on long-term debt	<u>48,433</u>	<u>-</u>	<u>-</u>	<u>9,531</u>
Total governmental activities	2,328,243	390,487	12,511	873,529
Business-type activity:				
Sewer	<u>1,919,593</u>	<u>1,428,502</u>	<u>-</u>	<u>171,013</u>
Total	<u>\$ 4,247,836</u>	<u>\$ 1,818,989</u>	<u>\$ 12,511</u>	<u>\$ 1,044,542</u>

General revenues:
Property taxes
Cable television franchise fees
State shared revenue
Unrestricted interest income

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

***Net (expenses) revenues and
changes in net assets***

<i>Governmental activities</i>	<i>Business-type activity</i>	<i>Totals</i>
\$ (17,923)		\$ (17,923)
(583,928)		(583,928)
(846,244)		(846,244)
598,615		598,615
(95,067)		(95,067)
(68,267)		(68,267)
(38,902)		(38,902)
(1,051,716)		(1,051,716)
-	\$ (320,078)	(320,078)
(1,051,716)	(320,078)	(1,371,794)
763,782	-	763,782
118,059	-	118,059
967,027	-	967,027
116,397	123,208	239,605
1,965,265	123,208	2,088,473
913,549	(196,870)	716,679
6,547,563	11,803,864	18,351,427
\$ 7,461,112	\$ 11,606,994	\$ 19,068,106

See notes to the financial statements

Township of Alpine
BALANCE SHEET - governmental funds
June 30, 2008

	<u>Major funds</u>		<u>Nonmajor fund</u>	
	<u>General</u>	<u>Water Improvement</u>	<u>Debt Service</u>	<u>Totals</u>
ASSETS				
Cash	\$ 1,975,791	\$ 663,215	\$ 23,507	\$ 2,662,513
Receivables	807,731	1,925	85,429	895,085
Total assets	<u>\$ 2,783,522</u>	<u>\$ 665,140</u>	<u>\$ 108,936</u>	<u>\$ 3,557,598</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 144,098	\$ 65,240	\$ -	\$ 209,338
Deferred revenue	606,505	1,925	85,429	693,859
Total liabilities	<u>750,603</u>	<u>67,165</u>	<u>85,429</u>	<u>903,197</u>
Fund balances:				
Reserved for debt service	199,793	-	23,507	223,300
Unreserved:				
Designated	454,074	-	-	454,074
Undesignated	1,379,052	597,975	-	1,977,027
Total fund balances	<u>2,032,919</u>	<u>597,975</u>	<u>23,507</u>	<u>2,654,401</u>
Total liabilities and fund balances	<u>\$ 2,783,522</u>	<u>\$ 665,140</u>	<u>\$ 108,936</u>	<u>\$ 3,557,598</u>
Total fund balances - all governmental funds				<u>\$ 2,654,401</u>
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 5) are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds.				5,201,570
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				693,859
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(33,718)
Bonds and notes payable are not due and payable in the current period and are not reported in the funds.				<u>(1,055,000)</u>
Net assets of governmental activities				<u>\$ 7,461,112</u>

See notes to the financial statements

Township of Alpine

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

governmental funds

Year ended June 30, 2008

	<u>Major funds</u>		<u>Nonmajor fund</u>	
	<u>General</u>	<u>Water Improvement</u>	<u>Debt Service</u>	<u>Totals</u>
REVENUES				
Property taxes	\$ 940,368	\$ -	\$ -	\$ 940,368
Licenses and permits	204,409	-	-	204,409
State grants	974,417	-	-	974,417
Charges for services	18,735	78,628	-	97,363
Interest and rentals	73,293	23,391	6,533	103,217
Other	803,458	78,523	21,364	903,345
Total revenues	3,014,680	180,542	27,897	3,223,119
EXPENDITURES				
Legislative	17,923	-	-	17,923
General government	666,483	23,328	-	689,811
Public safety	781,783	113,287	-	895,070
Public works	1,028,860	-	-	1,028,860
Community and economic development	94,349	-	-	94,349
Culture and recreation	47,285	-	-	47,285
Capital outlay	61,351	29,877	-	91,228
Debt service:				
Principal	105,000	-	45,000	150,000
Interest and fees	38,745	-	11,188	49,933
Total expenditures	2,841,779	166,492	56,188	3,064,459
NET CHANGE IN FUND BALANCES	172,901	14,050	(28,291)	158,660
FUND BALANCES - BEGINNING	1,860,018	583,925	51,798	2,495,741
FUND BALANCES - ENDING	<u>\$ 2,032,919</u>	<u>\$ 597,975</u>	<u>\$ 23,507</u>	<u>\$ 2,654,401</u>
Net change in fund balances - total governmental funds				\$ 158,660
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6)				
are different because:				
Capital assets:				
Add acquisitions				831,609
Deduct provision for depreciation				(248,267)
Bonds and notes payable - add repayment of principal				150,000
Changes in other liabilities:				
Net increase in deferred revenue				18,673
Net decrease in accrued interest				1,500
Net decrease in compensated absences				1,374
Change in net assets of <i>governmental activities</i>				<u>\$ 913,549</u>

See notes to the financial statements

Township of Alpine
STATEMENT OF NET ASSETS - proprietary fund
June 30, 2008

ASSETS

Current assets:

Cash	\$ 1,834,495
Receivables	<u>219,517</u>

Total current assets 2,054,012

Noncurrent assets:

Receivables	399,766
Capital assets, net of depreciation	<u>23,289,081</u>

Total noncurrent assets 23,688,847

Total assets 25,742,859

LIABILITIES

Current liabilities:

Payables	1,063,118
Bonds and contracts payable	<u>149,051</u>

Total current liabilities 1,212,169

Noncurrent liabilities:

Bonds and contracts payable	<u>12,923,696</u>
-----------------------------	-------------------

Total liabilities 14,135,865

NET ASSETS

Invested in capital assets, net of related debt	10,216,334
Restricted for debt service	361,065
Unrestricted	<u>1,029,595</u>

Total net assets \$ 11,606,994

See notes to the financial statements

Township of Alpine

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -

proprietary fund

Year ended June 30, 2008

OPERATING REVENUES

Charges for services \$ 1,428,502

OPERATING EXPENSES

Administration 67,584

Treatment and transmission 786,956

Repairs and maintenance 24,564

Depreciation 432,542

Total operating expenses 1,311,646

OPERATING INCOME

116,856

NONOPERATING REVENUES (EXPENSES)

Connection fees 143,429

Interest revenue:

 Special assessments 27,584

 Other 123,208

Interest expense and fees (607,947)

Net nonoperating revenues (313,726)

CHANGE IN NET ASSETS

(196,870)

NET ASSETS - BEGINNING

11,803,864

NET ASSETS - ENDING

\$ 11,606,994

See notes to the financial statements

Township of Alpine
STATEMENT OF CASH FLOWS - proprietary fund
Year ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 1,328,444
Payments to suppliers	<u>(903,134)</u>
Net cash provided by operating activities	<u>425,310</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Collection of special assessment principal	43,250
Collection of special assessment interest	29,884
Connection fees	143,429
Acquisition and construction of capital assets	(1,488,011)
Principal payments on capital debt	(147,736)
Interest payments on capital debt	<u>(612,046)</u>
Net cash used in capital and related financing activities	<u>(2,031,230)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>128,787</u>
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NET DECREASE IN CASH (1,477,133)

CASH - BEGINNING 3,311,628

CASH - ENDING \$ 1,834,495

**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income	\$ 116,856
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	432,542
Changes in assets and liabilities:	
Increase in receivables	(100,058)
Decrease in payables	<u>(24,030)</u>
Net cash provided by operating activities	<u>\$ 425,310</u>

See notes to the financial statements

Township of Alpine
STATEMENT OF FIDUCIARY NET ASSETS - Agency Fund
June 30, 2008

ASSETS

Cash	\$ 15,572
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LIABILITIES

Payables	\$ 15,572
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See notes to the financial statements

Township of Alpine
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Alpine, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current year is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Water Improvement Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund. The Township's Water Improvement Fund is used to account for transactions involving water system improvements within the Township.

The Township reports the following major enterprise fund:

The Sewer Fund accounts for the activities of the Township's wastewater collection systems.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) Receivables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., roads and drains), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial cost of more than \$2,500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township has elected to use the prospective method of accounting for infrastructure assets whereby it will capitalize its infrastructure assets beginning July 1, 2003, as permitted by GASB Statement No. 34.

The Township includes shared road and water system improvement costs in the infrastructure assets of its governmental activities. These costs represent the Township's portion of public road improvements for roads that are owned by the Kent County Road Commission and water system improvements that are owned by the Charter Township of Plainfield.

The Township includes shared sewer system improvement costs in the infrastructure assets of its business-type activities. These costs represent the Township's portion of sewer system improvements that are owned by the North Kent Sewer Authority. The valuation of these assets is based on the Township's proportionate share of sewage flows as measured at the Four Mile Lift Station. The flows are measured annually and any changes will affect the valuation of these intangible assets and their related debt.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

iii) Capital assets (continued):

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	10 - 20 years
Buildings and improvements	20 - 50 years
Equipment	5 - 20 years
Vehicles	20 years
Sewer and water systems	60 years
Shared cost of roads	20 years

iv) *Compensated absences* - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the Township. Vested compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's General Fund. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. There were no significant budgetary violations during the current fiscal year.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

At June 30, 2008, cash consists entirely of deposits with financial institutions and is classified in the accompanying financial statements as follows:

<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Fiduciary activities</i>	<i>Total</i>
<u>\$ 2,662,513</u>	<u>\$ 1,834,495</u>	<u>\$ 15,572</u>	<u>\$4,512,580</u>

Deposits with financial institutions:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. At June 30, 2008, \$3,945,036 of the Township's bank balances of \$4,545,036 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

At June 30, 2008, receivables of the Township's funds are as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Interest</i>	<i>Totals</i>
<i>Governmental funds:</i>					
General	\$ 29,142	\$ 606,505	172,084	\$ -	\$ 807,731
Water Improvement	-	1,925	-	-	1,925
Nonmajor governmental	-	85,429	-	-	85,429
Totals	<u>\$ 29,142</u>	<u>\$ 693,859</u>	<u>\$ 172,084</u>	<u>\$ -</u>	<u>\$ 895,085</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 579,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,190</u>
<i>Proprietary fund:</i>					
Sewer	\$ 47,984	\$ 441,766	\$ 103,733	\$ 25,800	\$ 619,283
Noncurrent portion	<u>\$ -</u>	<u>\$ 399,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,766</u>

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 1,033,852	\$ -	\$ -	\$ 1,033,852
Capital assets being depreciated:				
Land improvements	1,660,877	607,702	-	2,268,579
Water system	810,000	223,907	-	1,033,907
Buildings and improvements	1,528,432	-	-	1,528,432
Equipment and furniture	742,658	-	-	742,658
Vehicles	1,027,064	-	-	1,027,064
Subtotal	5,769,031	831,609	-	6,600,640
Less accumulated depreciation for:				
Land improvements	(438,361)	(78,723)	-	(517,084)
Water system	(170,100)	(17,120)	-	(187,220)
Buildings and improvements	(612,973)	(49,726)	-	(662,699)
Equipment and furniture	(461,993)	(54,585)	-	(516,578)
Vehicles	(501,228)	(48,113)	-	(549,341)
Subtotal	(2,184,655)	(248,267)	-	(2,432,922)
Total capital assets being depreciated, net	3,584,376	583,342	-	4,167,718
Governmental activities capital assets, net	\$ 4,618,228	\$ 583,342	\$ -	\$ 5,201,570
Business-type activities:				
Capital assets being depreciated - sewer facilities	\$ 25,901,465	\$ 2,497,543	\$ (607,112)	\$ 27,791,896
Less accumulated depreciation - sewer facilities	(4,070,273)	(432,542)	-	(4,502,815)
Business-type activities capital assets, net	\$ 21,831,192	\$ 2,065,001	\$ (607,112)	\$ 23,289,081

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to the Township's functions as follows:

Governmental activities:	
General government	\$ 58,123
Public safety	92,096
Public works	80,656
Community and economic development	641
Recreation and culture	<u>16,751</u>
Total governmental activities	<u>\$ 248,267</u>
Business-type activities - sewer	<u>\$ 432,542</u>

NOTE 6 - PAYABLES:

Payables as of June 30, 2008, for the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- govern- mental</u>	<u>Escrow</u>	<u>Interest</u>	<u>Totals</u>
<i>Governmental funds:</i>						
General	\$ 23,249	\$ 26,000	\$ 69,764	\$ 25,085		\$ 144,098
Water Improvement	<u>-</u>	<u>-</u>	<u>59,000</u>	<u>6,240</u>		<u>65,240</u>
Totals	<u>\$ 23,249</u>	<u>\$ 26,000</u>	<u>\$ 128,764</u>	<u>\$ 31,325</u>		<u>\$ 209,338</u>
<i>Proprietary fund:</i>						
Sewer	<u>\$ 821,712</u>	<u>\$ -</u>	<u>\$ 144,606</u>	<u>\$ -</u>	<u>\$ 96,800</u>	<u>\$ 1,063,118</u>

NOTE 7 - DEFERRED REVENUE:

As of June 30, 2008, the various components of deferred revenue of the governmental funds are as follows:

	<u>Unavailable</u>
Special assessments:	
General Fund	\$ 606,505
Water Improvement Fund	1,925
Debt Service Fund	<u>85,429</u>
Totals	<u>\$ 693,859</u>

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM OBLIGATIONS:

At June 30, 2008, long-term obligations are comprised of the following individual issues:

Governmental activities:

Bonds and loans payable:

\$550,000 1997 Special assessment bonds - payable in annual installments ranging from \$20,000 to \$30,000, plus interest at 4.00% to 5.30%; final payment due December 2011	\$ 95,000
\$690,000 2006 Special assessment bonds - payable in annual installments ranging from \$40,000 to \$75,000, plus interest at 3.55% to 3.95%; final payment due October 2016	650,000
\$260,000 1997 General obligation bonds - payable in annual installments ranging from \$15,000 to \$25,000, plus interest at 4.00% to 5.30%; final payment due December 2011	95,000
\$800,000 1996 Installment note payable for the purchase of land and hall - payable in annual installments ranging from \$0 to \$75,000, plus interest at 5.50%; final payment due October 2010	<u>215,000</u>
Total governmental activities long-term obligations	<u>\$ 1,055,000</u>

Business-type activities:

Bonds and loans payable:

\$995,000 1998 Special assessment bonds - payable in annual installments ranging from \$50,000 to \$55,000, plus interest at 4.90% to 5.0887%; final payment due January 2018	\$ 505,000
1998 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$9,906 to \$18,078, plus interest at 3.50% to 4.50%; final payment due May 2018	132,467
2000 North Kent County Sewer Authority debt service contract; payable in annual installments ranging between \$11,948 to \$13,275; plus interest payable semi-annually at rates between 5.00% and 5.50%; final payment due May	63,046
2001 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$37,620 to \$91,200, plus interest at 2.80% to 4.875%; final payment due November 2026	1,104,392
2002 North Kent County Sewer Authority debt service contract; payable in annual installments ranging between \$6,195 to \$7,523; plus interest payable semi-annually at rates between 2.7% and 5.05%; final payment due November	69,568
2005 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$0 to \$92,340, plus interest at 3.50% to 4.50%; final payment due November 2030	1,304,400

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM OBLIGATIONS (Continued):

Business-type activities (continued):

Bonds and loans payable (continued):

2006 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$0 to \$912,000, plus interest at 4.00% to 5.00%; final payment due November 2031 \$ 8,609,040

2007 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$25,000 to \$505,000, plus interest at 4.00% to 4.25%; final payment due May 2027 1,284,834

Total business-type activities long-term obligations \$ 13,072,747

All debt is secured by the full faith and credit of the Township.

Long-term obligation activity for the year ended June 30, 2008, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:					
Special assessment bonds	\$ 810,000	\$ -	\$ (65,000)	\$ 745,000	\$ 105,000
General obligation bonds	115,000	-	(20,000)	95,000	20,000
Installment purchase note	<u>280,000</u>	<u>-</u>	<u>(65,000)</u>	<u>215,000</u>	<u>70,000</u>
Total bonds and notes	1,205,000	-	(150,000)	1,055,000	195,000
Compensated absences	<u>25,192</u>	<u>24,209</u>	<u>(25,583)</u>	<u>23,818</u>	<u>-</u>
Total governmental activities	<u>\$ 1,230,192</u>	<u>\$ 24,209</u>	<u>\$ (175,583)</u>	<u>\$ 1,078,818</u>	<u>\$ 195,000</u>
Business-type activities:					
Special assessment bonds	\$ 555,000		\$ (50,000)	\$ 505,000	\$ 50,000
1998 Sewer contract	148,832	-	(16,365)	132,467	9,917
2000 Sewer contract	-	92,395	(29,349)	63,046	30,436
2001 Sewer contract	1,195,860	-	(91,468)	1,104,392	38,045
2002 Sewer contract	-	85,528	(15,960)	69,568	15,218
2005 Sewer contract	1,368,000	-	(63,600)	1,304,400	-
2006 Sewer contract	9,028,800	-	(419,760)	8,609,040	-
2007 Sewer contract	<u>1,353,180</u>	<u>-</u>	<u>(68,346)</u>	<u>1,284,834</u>	<u>5,435</u>
Total business-type activities	<u>\$ 13,649,672</u>	<u>\$ 177,923</u>	<u>\$ (754,848)</u>	<u>\$ 13,072,747</u>	<u>\$ 149,051</u>

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM OBLIGATIONS (Continued):

At June 30, 2008, debt service requirements, with the exception of compensated absences, were as follows:

<u>Year ended</u> <u>June 30:</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 195,000	\$ 41,543	\$ 149,051	\$ 604,959
2010	190,000	32,593	357,377	593,905
2011	190,000	24,585	373,067	578,253
2012	115,000	16,548	398,776	562,650
2013	70,000	12,748	400,572	546,279
2014 - 2018	295,000	23,344	2,191,362	2,470,290
2019 - 2023	-	-	2,619,670	1,932,223
2024 - 2028	-	-	3,271,870	1,229,342
2029 - 2032	-	-	3,311,002	337,693
	<u>\$1,055,000</u>	<u>\$ 151,361</u>	<u>\$13,072,747</u>	<u>\$ 8,855,594</u>

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:

The Township's defined contribution pension plan for its employees is funded by a group annuity contract through an insurance company. The plan provides that current costs are paid entirely by the Township. The Township's policy is to fund pension cost accrued. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township made the required contributions of \$55,374 for the year ended June 30, 2008.

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee medical claims. The risks of loss arising from general liability, property losses, workers' compensation, and employee medical costs are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

NOTE 11 - JOINT VENTURE:

North Kent Sewer Authority:

The Township is a participant in the North Kent Sewer Authority (the Authority). The administrative board of the Authority consists of members appointed by each participating unit. The Authority was formed for the purpose of acquiring and operating a sanitary sewer system. The Township utilizes the Authority to transport its sewage to the City of Grand Rapids Sanitary Sewer System for treatment and disposal. The Township has no equity interest in the Authority; therefore, financial information of the Authority has not been included in the Township's financial statements.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - JOINT VENTURE (Continued):

Costs of operations and capital asset acquisitions of the Authority are supported by contributions from the participating municipalities based on their share of sewage flow through the system. The Township has pledged its limited tax full faith and credit for its share of bonds issued by the Authority. During the year ended June 30, 2008, the Township paid the Authority \$678,644.

Complete financial statements for the Authority can be obtained from the Authority's Administrative Office at P.O. Box 561, Rockford, Michigan 49341-0561.

NOTE 12 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended June 30, 2008, is as follows:

Revenues	\$ 84,025
Expenses	(130,966)
Prior years' deficiencies	<u>(24,859)</u>
Accumulated deficiency of revenues over expenses	<u>\$ (71,800)</u>

NOTE 13 - CONTINGENCY:

In the normal course of its activities, the Township becomes a party in various legal actions. The Township is currently involved in Michigan Tax Tribunal cases, filed by property owners, which could have a significant financial impact. Because the outcome of these lawsuits is not presently determinable, the possible range of the potential cost cannot be reasonably predicted; therefore, no accrual has been made for this amount in the financial statements. The Township intends to vigorously defend its positions in these appeals.

NOTE 14: SUPPLEMENTARY INFORMATION TO CASH FLOW STATEMENT:

Noncash capital and related financing activities consist of the following:

Capital assets acquired	\$ (2,497,543)
Less, increase in payables	831,609
Less, increase in capital debt	<u>177,923</u>
Cash used	<u>\$ (1,488,011)</u>
Decrease in capital debt	\$ (754,848)
Less, decrease in capital assets	<u>607,112</u>
Cash used	<u>\$ (147,736)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes:				
Property taxes	\$ 757,467	\$ 757,467	\$ 757,357	\$ (110)
Trailer fees	3,058	3,058	3,047	(11)
Penalties and interest	36,408	36,408	36,474	66
Tax collection fees	<u>143,490</u>	<u>143,490</u>	<u>143,490</u>	<u>-</u>
Total taxes	<u>940,423</u>	<u>940,423</u>	<u>940,368</u>	<u>(55)</u>
Licenses and permits:				
Construction code permits	92,775	92,775	86,350	(6,425)
Cable television fees	<u>88,917</u>	<u>88,917</u>	<u>118,059</u>	<u>29,142</u>
Total licenses and permits	<u>181,692</u>	<u>181,692</u>	<u>204,409</u>	<u>22,717</u>
State grants:				
State shared revenue	958,000	958,000	967,027	9,027
METRO Act	<u>7,389</u>	<u>7,389</u>	<u>7,390</u>	<u>1</u>
Total state grants	<u>965,389</u>	<u>965,389</u>	<u>974,417</u>	<u>9,028</u>
Charges for services:				
Recreation program fees	2,200	2,200	2,200	-
Petitioned meetings	10,000	10,000	9,600	(400)
Tax abatement fees	3,935	3,935	3,935	-
Soccer league fees	-	-	850	850
Grave openings	<u>2,150</u>	<u>2,150</u>	<u>2,150</u>	<u>-</u>
Total charges for services	<u>18,285</u>	<u>18,285</u>	<u>18,735</u>	<u>450</u>
Interest and rentals:				
Interest income	82,000	82,000	64,559	(17,441)
Rentals	<u>8,500</u>	<u>8,500</u>	<u>8,734</u>	<u>234</u>
Total interest and rentals	<u>90,500</u>	<u>90,500</u>	<u>73,293</u>	<u>(17,207)</u>

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES (Continued)				
Other:				
Special assessments:				
Drains	\$ 53,580	\$ 53,580	\$ 39,763	\$ (13,817)
Street lighting	31,136	31,136	31,136	-
Roads	86,685	86,685	45,014	(41,671)
Capital contributions	659,301	659,301	659,301	-
Miscellaneous	<u>20,547</u>	<u>20,547</u>	<u>28,244</u>	<u>7,697</u>
Total other	<u>851,249</u>	<u>851,249</u>	<u>803,458</u>	<u>(47,791)</u>
Total revenues	<u>3,047,538</u>	<u>3,047,538</u>	<u>3,014,680</u>	<u>(32,858)</u>
EXPENDITURES				
Legislative	<u>19,045</u>	<u>19,045</u>	<u>17,923</u>	<u>1,122</u>
General government:				
General administration:				
Wages	36,500	36,500	34,269	2,231
Payroll taxes	2,792	2,792	2,675	117
Pensions	4,014	4,014	3,806	208
Health benefits	5,000	5,000	5,000	-
Sick day compensation	777	777	726	51
Office supplies	13,500	13,500	13,865	(365)
Tax refunds	1,973	1,973	5,523	(3,550)
Contracted services	20,000	20,000	20,836	(836)
Engineering services	7,000	7,000	3,860	3,140
Dues and memberships	12,000	12,000	6,790	5,210
Tax statement preparation	7,500	7,500	7,425	75
Printing and publishing	5,500	5,500	3,680	1,820
Township newsletter	15,000	15,000	11,820	3,180
GIS/orthophotography	27,000	27,000	22,183	4,817
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>1,097</u>	<u>403</u>
Total general administration	<u>160,056</u>	<u>160,056</u>	<u>143,555</u>	<u>16,501</u>
Supervisor:				
Salary	52,788	52,788	52,788	-
Payroll taxes	4,038	4,038	3,951	87
Pensions	5,429	5,429	5,429	-

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued):				
General government (continued):				
Supervisor (continued):				
Health benefits	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Dues and memberships	260	260	260	-
Education	1,700	1,700	1,626	74
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>616</u>	<u>384</u>
Total supervisor	<u>70,215</u>	<u>70,215</u>	<u>69,670</u>	<u>545</u>
Elections:				
Wages	2,000	2,000	1,379	621
Payroll taxes	206	206	109	97
Office supplies	2,000	2,000	1,296	704
Postage	3,000	3,000	1,661	1,339
Contracted services	14,550	14,550	10,121	4,429
Printing and publishing	1,200	1,200	400	800
Miscellaneous	<u>350</u>	<u>350</u>	<u>188</u>	<u>162</u>
Total elections	<u>23,306</u>	<u>23,306</u>	<u>15,154</u>	<u>8,152</u>
Assessor:				
Salary	54,000	54,000	54,000	-
Residential appraiser wages	36,171	36,171	37,228	(1,057)
Payroll taxes	6,898	6,898	6,704	194
Pensions	9,717	9,717	9,723	(6)
Health benefits	10,000	10,000	10,000	-
Sick day compensation	1,200	1,200	-	1,200
Office supplies	700	700	929	(229)
Dues and memberships	500	500	465	35
Education and training	1,500	1,500	1,097	403
Assessing expenses	1,100	1,100	933	167
Miscellaneous	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>
Total assessor	<u>121,836</u>	<u>121,836</u>	<u>121,079</u>	<u>757</u>
Clerk:				
Salary	52,788	52,788	52,788	-
Deputy clerk wages	31,000	31,000	31,181	(181)
Payroll taxes	6,410	6,410	6,297	113
Pensions	8,574	8,574	9,588	(1,014)
Health benefits	10,000	10,000	10,000	-

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
General government (continued):				
Clerk (continued):				
Sick day compensation	\$ 1,000	\$ 1,000	\$ 91	\$ 909
Dues and memberships	350	350	245	105
Education and training	1,000	1,000	884	116
Department expenses	1,000	1,000	891	109
Miscellaneous	300	300	-	300
Total clerk	<u>112,422</u>	<u>112,422</u>	<u>111,965</u>	<u>457</u>
Legal counsel	<u>57,200</u>	<u>57,200</u>	<u>59,046</u>	<u>(1,846)</u>
Auditing services	<u>16,455</u>	<u>16,455</u>	<u>15,500</u>	<u>955</u>
Board of review:				
Fees and per diem	895	895	850	45
Payroll taxes	70	70	65	5
Miscellaneous	284	284	183	101
Total board of review	<u>1,249</u>	<u>1,249</u>	<u>1,098</u>	<u>151</u>
Treasurer:				
Salary	52,788	52,788	52,788	-
Payroll taxes	4,038	4,038	4,038	-
Pensions	5,929	5,929	6,030	(101)
Health benefits	5,000	5,000	5,000	-
Dues and memberships	135	135	85	50
Department expenses	525	525	552	(27)
Education and training	600	600	485	115
Total treasurer	<u>69,015</u>	<u>69,015</u>	<u>68,978</u>	<u>37</u>
Buildings and grounds:				
Wages	15,000	15,000	13,526	1,474
Twp safety director	3,500	3,500	2,752	748
Payroll taxes	1,415	1,415	1,246	169
Maintenance supplies	9,500	9,500	9,725	(225)
Leaf recycling	4,000	4,000	3,245	755
Contracted services	15,500	15,500	19,188	(3,688)
Grounds maintenance	35,500	35,500	27,984	7,516

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
General government (continued):				
Building and grounds (continued):				
Utilities	\$ 18,600	\$ 18,600	\$ 16,241	\$ 2,359
Telephone	13,000	13,000	12,954	46
Safety requirements	500	500	11	489
Repairs and maintenance	5,000	5,000	5,062	(62)
Miscellaneous	1,000	1,000	856	144
Total buildings and grounds	<u>122,515</u>	<u>122,515</u>	<u>112,790</u>	<u>9,725</u>
Cemeteries:				
Contracted services	1,000	1,000	566	434
Utilities	150	150	119	31
Repairs and maintenance	600	600	200	400
Total cemeteries	<u>1,750</u>	<u>1,750</u>	<u>885</u>	<u>865</u>
Other:				
Insurance and bonds	29,500	29,500	27,869	1,631
Pension maintenance costs	4,500	4,500	2,386	2,114
Other	500	500	328	172
Total other	<u>34,500</u>	<u>34,500</u>	<u>30,583</u>	<u>3,917</u>
Administrative fees	<u>(83,820)</u>	<u>(83,820)</u>	<u>(83,820)</u>	<u>-</u>
Total general government	<u>706,699</u>	<u>706,699</u>	<u>666,483</u>	<u>40,216</u>
Public safety:				
Police protection	<u>360,000</u>	<u>360,000</u>	<u>346,747</u>	<u>13,253</u>
Fire department:				
Salaries and wages:				
Fire chief	48,925	48,925	48,925	-
Assistant fire chief	3,887	3,887	3,888	(1)
Secretary	14,082	14,082	13,788	294
Firemen	99,700	99,700	85,356	14,344
Fire practice	50,000	50,000	41,910	8,090
Head mechanics	3,000	3,000	3,078	(78)
Payroll taxes	16,738	16,738	15,775	963
Firefighter insurances	4,200	4,200	3,831	369

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Public safety (continued):				
Fire department (continued):				
Pensions	\$ 5,500	\$ 5,500	\$ 5,907	\$ (407)
Health benefits	5,000	5,000	5,000	-
Sick day compensation	1,100	1,100	706	394
Gas and oil	7,000	7,000	7,678	(678)
Office supplies	1,750	1,750	1,454	296
Maintenance supplies	10,000	10,000	10,001	(1)
Medical and rescue supplies	1,750	1,750	1,758	(8)
Contracted services	5,500	5,500	4,927	573
Dues and memberships	800	800	510	290
Utilities	13,000	13,000	12,728	272
Repairs and maintenance	4,500	4,500	4,582	(82)
County fire assessment	16,700	16,700	15,646	1,054
Education and training	9,500	9,500	8,898	602
Department expenses	1,000	1,000	977	23
Medical services to firefighters	2,000	2,000	1,445	555
Safety and MIOSHA	4,500	4,500	4,224	276
Miscellaneous	3,317	3,317	1,078	2,239
Total fire department	<u>333,449</u>	<u>333,449</u>	<u>304,070</u>	<u>29,379</u>
Building inspection:				
Salaries and wages	48,000	48,000	48,000	-
Administrative building assistant	32,950	32,950	33,009	(59)
Payroll taxes	6,168	6,168	6,213	(45)
Pensions	8,600	8,600	8,682	(82)
Health benefits	10,000	10,000	11,050	(1,050)
Sick day compensation	700	700	606	94
Office supplies	1,800	1,800	1,837	(37)
Plumbing inspections	5,500	5,500	5,010	490
Electrical inspections	9,000	9,000	8,430	570
Mechanical inspections	7,000	7,000	5,730	1,270
Contracted services	1,000	1,000	691	309
Dues and memberships	-	-	138	(138)
Department expenses	2,000	2,000	1,570	430
Miscellaneous	100	100	-	100
Total building inspection	<u>132,818</u>	<u>132,818</u>	<u>130,966</u>	<u>1,852</u>
Total public safety	<u>826,267</u>	<u>826,267</u>	<u>781,783</u>	<u>44,484</u>

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Public works:				
Public transportation - ITP	\$ 77,000	\$ 77,000	\$ 70,357	\$ 6,643
Street lighting	36,000	36,000	38,032	(2,032)
Road maintenance	115,922	115,922	104,262	11,660
Watersheds and drains	<u>826,287</u>	<u>826,287</u>	<u>816,209</u>	<u>10,078</u>
Total public works	<u>1,055,209</u>	<u>1,055,209</u>	<u>1,028,860</u>	<u>26,349</u>
Community and economic development:				
Planning:				
Salaries and wages	49,000	49,000	49,000	-
Fees and per diem	7,000	7,000	5,600	1,400
Payroll taxes	4,743	4,743	3,541	1,202
Pensions	4,950	4,950	4,983	(33)
Health benefits	5,000	5,000	5,191	(191)
Sick day compensation	500	500	-	500
Contracted services	3,500	3,500	3,003	497
Education and training	2,000	2,000	1,726	274
Printing and publishing	4,000	4,000	2,631	1,369
Dues and memberships	850	850	1,123	(273)
Department expenses	1,000	1,000	575	425
Miscellaneous	<u>50</u>	<u>50</u>	<u>38</u>	<u>12</u>
Total planning	<u>82,593</u>	<u>82,593</u>	<u>77,411</u>	<u>5,182</u>
Zoning:				
Zoning enforcement	12,179	12,179	12,133	46
Fees and per diem	3,500	3,500	2,275	1,225
Payroll taxes	1,277	1,277	1,098	179
Education and training	500	500	360	140
Department expenses	<u>1,000</u>	<u>1,000</u>	<u>1,072</u>	<u>(72)</u>
Total zoning	<u>18,456</u>	<u>18,456</u>	<u>16,938</u>	<u>1,518</u>
Total community and economic development	<u>101,049</u>	<u>101,049</u>	<u>94,349</u>	<u>6,700</u>

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Recreation and culture:				
Recreation and parks:				
Salary and wages	\$ 11,000	\$ 11,000	\$ 9,131	\$ 1,869
Payroll taxes	1,071	1,071	698	373
Gas and oil	1,000	1,000	1,029	(29)
Maintenance supplies	5,000	5,000	5,855	(855)
Contracted services	11,000	11,000	11,517	(517)
Supplies and equipment	4,500	4,500	4,563	(63)
Umpires	4,500	4,500	1,472	3,028
Utilities	1,000	1,000	527	473
Department office supplies	250	250	-	250
Miscellaneous	100	100	50	50
Total recreation and parks	<u>39,421</u>	<u>39,421</u>	<u>34,842</u>	<u>4,579</u>
Library:				
Contracted services	3,000	3,000	2,688	312
Utilities	4,900	4,900	4,530	370
Miscellaneous	600	600	550	50
Total library	<u>8,500</u>	<u>8,500</u>	<u>7,768</u>	<u>732</u>
Historical committee:				
Office supplies	900	900	485	415
Community promotion	700	700	801	(101)
Resource materials and books	-	-	24	(24)
Dues and memberships	200	200	95	105
Miscellaneous	100	100	60	40
Total historical committee	<u>1,900</u>	<u>1,900</u>	<u>1,465</u>	<u>435</u>
Historical hall:				
Contracted services	800	800	406	394
Utilities	3,900	3,900	2,804	1,096
Total historical hall	<u>4,700</u>	<u>4,700</u>	<u>3,210</u>	<u>1,490</u>
Total recreation and culture	<u>54,521</u>	<u>54,521</u>	<u>47,285</u>	<u>7,236</u>

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund(Continued)

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Capital outlay:				
Equipment	\$ 500	\$ 500	\$ 87	\$ 413
Office equipment and furniture	4,450	4,450	3,794	656
Computers and software	10,000	10,000	9,520	480
Recreation department	9,325	9,325	-	9,325
Fire clothing and boots	32,000	32,000	38,627	(6,627)
Fire memorial funds spending	567	567	568	(1)
Historical building equip/furniture	2,400	2,400	2,500	(100)
Land improvements	5,000	5,000	470	4,530
Building additions and improvements	<u>6,000</u>	<u>6,000</u>	<u>5,785</u>	<u>215</u>
Total capital outlay	<u>70,242</u>	<u>70,242</u>	<u>61,351</u>	<u>8,891</u>
Debt service - principal	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Debt service - interest	<u>38,745</u>	<u>38,745</u>	<u>38,745</u>	<u>-</u>
Total expenditures	<u>2,976,777</u>	<u>2,976,777</u>	<u>2,841,779</u>	<u>134,998</u>
NET CHANGE IN FUND BALANCES	70,761	70,761	172,901	102,140
FUND BALANCES - BEGINNING	<u>1,860,018</u>	<u>1,860,018</u>	<u>1,860,018</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,930,779</u>	<u>\$ 1,930,779</u>	<u>\$ 2,032,919</u>	<u>\$ 102,140</u>

SUPPLEMENTARY DATA

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$550,000 1997 KENOWA HILLS WATER SPECIAL ASSESSMENT BONDS**

June 30, 2008

<i><u>Fiscal period</u></i>	<i><u>Interest requirements</u></i>		<i><u>Maturity date</u></i>	<i><u>Principal</u></i>	<i><u>Total requirements</u></i>
	<i><u>December 1</u></i>	<i><u>June 1</u></i>			
2009	\$ 2,443	\$ 1,818	12/01/08	\$ 25,000	\$ 29,261
2010	1,818	1,180	12/01/09	25,000	27,998
2011	1,180	530	12/01/10	25,000	26,710
2012	<u>530</u>	<u>-</u>	12/01/11	<u>20,000</u>	<u>20,530</u>
	<u>\$ 5,971</u>	<u>\$ 3,528</u>		<u>\$ 95,000</u>	<u>\$ 104,499</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$260,000 1997 KENOWA HILLS WATER GENERAL OBLIGATION BONDS**

June 30, 2008

<i><u>Fiscal period</u></i>	<i><u>Interest requirements</u></i>		<i><u>Maturity date</u></i>	<i><u>Principal</u></i>	<i><u>Total requirements</u></i>
	<i><u>December 1</u></i>	<i><u>June 1</u></i>			
2009	\$ 2,450	\$ 1,950	12/01/08	\$ 20,000	\$ 24,400
2010	1,950	1,313	12/01/09	25,000	28,263
2011	1,313	663	12/01/10	25,000	26,976
2012	663	-	12/01/11	25,000	25,663
	<u>\$ 6,376</u>	<u>\$ 3,926</u>		<u>\$ 95,000</u>	<u>\$ 105,302</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$690,000 2006 ALPINE-ALPENHORN SPECIAL ASSESSMENT BONDS**

June 30, 2008

<i><u>Fiscal period</u></i>	<i><u>Interest requirements</u></i>		<i><u>Maturity date</u></i>	<i><u>Principal</u></i>	<i><u>Total requirements</u></i>
	<i><u>October 1</u></i>	<i><u>April 1</u></i>			
2009	\$ 12,211	\$ 10,771	10/01/08	\$ 80,000	\$ 102,982
2010	10,771	9,511	10/01/09	70,000	90,282
2011	9,511	8,325	10/01/10	65,000	82,836
2012	8,325	7,030	10/01/11	70,000	85,355
2013	7,030	5,718	10/01/12	70,000	82,748
2014	5,718	4,388	10/01/13	70,000	80,106
2015	4,388	2,944	10/01/14	75,000	82,332
2016	2,944	1,481	10/01/15	75,000	79,425
2017	1,481	-	10/01/16	75,000	76,481
	<u>\$ 62,379</u>	<u>\$ 50,168</u>		<u>\$ 650,000</u>	<u>\$ 762,547</u>

Township of Alpine

SCHEDULE OF NOTE RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -

\$800,000 INSTALLMENT NOTE PAYABLE - TOWNSHIP HALL

June 30, 2008

<i><u>Fiscal period</u></i>	<i><u>Interest requirements</u></i>		<i><u>Maturity date</u></i>	<i><u>Principal</u></i>	<i><u>Total requirements</u></i>
	<i><u>October 1</u></i>	<i><u>April 1</u></i>			
2009	\$ 5,912	\$ 3,988	10/01/08	\$ 70,000	\$ 79,900
2010	3,987	2,063	10/01/09	70,000	76,050
2011	<u>2,063</u>	<u>-</u>	10/01/10	<u>75,000</u>	<u>77,063</u>
	<u>\$ 11,962</u>	<u>\$ 6,051</u>		<u>\$ 215,000</u>	<u>\$ 233,013</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$995,000 1998 KENOWA HILLS SEWER SPECIAL ASSESSMENT BONDS**

June 30, 2008

<i><u>Fiscal period</u></i>	<i><u>Interest requirements</u></i>		<i><u>Maturity date</u></i>	<i><u>Principal</u></i>	<i><u>Total requirements</u></i>
	<i><u>July 1</u></i>	<i><u>January 1</u></i>			
2009	\$ 12,625	\$ 12,625	01/01/09	\$ 50,000	\$ 75,250
2010	11,375	11,375	01/01/10	50,000	72,750
2011	10,125	10,125	01/01/11	50,000	70,250
2012	8,875	8,875	01/01/12	50,000	67,750
2013	7,625	7,625	01/01/13	50,000	65,250
2014	6,375	6,375	01/01/14	50,000	62,750
2015	5,125	5,125	01/01/15	50,000	60,250
2016	3,875	3,875	01/01/16	50,000	57,750
2017	2,625	2,625	01/01/17	50,000	55,250
2018	<u>1,375</u>	<u>1,375</u>	01/01/18	<u>55,000</u>	<u>57,750</u>
	<u>\$ 70,000</u>	<u>\$ 70,000</u>		<u>\$ 505,000</u>	<u>\$ 645,000</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
1998 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2008

<i><u>Fiscal period</u></i>	<i><u>Interest requirements</u></i>		<i><u>Maturity date</u></i>	<i><u>Principal</u></i>	<i><u>Total requirements</u></i>
	<i><u>November 1</u></i>	<i><u>May 1</u></i>			
2009	\$ 2,740	\$ 2,740	11/01/08	\$ 9,917	\$ 15,397
2010	2,393	2,393	11/01/09	10,626	15,412
2011	2,021	2,021	11/01/10	11,098	15,140
2012	1,702	1,702	11/01/11	11,806	15,210
2013	1,436	1,436	11/01/12	12,515	15,387
2014	1,155	1,154	11/01/13	13,459	15,768
2015	953	953	11/01/14	14,404	16,310
2016	737	737	11/01/15	15,112	16,586
2017	510	510	11/01/16	16,293	17,313
2018	266	258	11/01/17	17,237	17,761
	<u>\$ 13,913</u>	<u>\$ 13,904</u>		<u>\$ 132,467</u>	<u>\$ 160,284</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
2000 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2008

<i><u>Fiscal period</u></i>	<i><u>Interest requirements</u></i>		<i><u>Maturity date</u></i>	<i><u>Principal</u></i>	<i><u>Total requirements</u></i>
	<i><u>November 1</u></i>	<i><u>May 1</u></i>			
2009	\$ 1,685	\$ 1,685	5/1/09	\$ 30,436	\$ 33,806
2010	<u>886</u>	<u>886</u>	5/1/10	<u>32,610</u>	<u>34,382</u>
	<u>\$ 2,571</u>	<u>\$ 2,571</u>		<u>\$ 63,046</u>	<u>\$ 68,188</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
2001 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2008

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>November 1</i>	<i>May 1</i>			
2009	\$ 25,327	\$ 24,613	11/01/08	\$ 38,045	\$ 87,985
2010	24,613	23,891	11/01/09	38,045	86,549
2011	23,891	23,086	11/01/10	40,219	87,196
2012	23,086	22,250	11/01/11	41,306	86,642
2013	22,250	21,348	11/01/12	43,480	87,078
2014	21,348	20,377	11/01/13	45,654	87,379
2015	20,377	19,314	11/01/14	48,915	88,606
2016	19,314	18,177	11/01/15	51,089	88,580
2017	18,177	16,940	11/01/16	54,350	89,467
2018	16,940	15,626	11/01/17	56,524	89,090
2019	15,626	14,247	11/01/18	58,698	88,571
2020	14,247	12,775	11/01/19	61,959	88,981
2021	12,775	11,236	11/01/20	64,133	88,144
2022	11,236	9,619	11/01/21	67,394	88,249
2023	9,619	7,923	11/01/22	70,655	88,197
2024	7,923	6,095	11/01/23	75,003	89,021
2025	6,095	4,160	11/01/24	79,351	89,606
2026	4,160	2,147	11/01/25	82,612	88,919
2027	2,147	-	11/01/26	86,960	89,107
	<u>\$ 299,151</u>	<u>\$ 273,824</u>		<u>\$ 1,104,392</u>	<u>\$ 1,677,367</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
2002 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2008

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>November 1</i>	<i>May 1</i>			
2009	\$ 1,416	\$ 1,119	11/01/08	\$ 15,218	\$ 17,753
2010	1,119	776	11/01/09	17,392	19,287
2011	776	406	11/01/10	18,479	19,661
2012	434	-	11/01/11	18,479	18,913
	<u>\$ 3,745</u>	<u>\$ 2,301</u>		<u>\$ 69,568</u>	<u>\$ 75,614</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
2005 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2008

<i><u>Fiscal</u></i> <i><u>period</u></i>	<i><u>Interest requirements</u></i>		<i><u>Maturity</u></i> <i><u>date</u></i>	<i><u>Principal</u></i>	<i><u>Total</u></i> <i><u>requirements</u></i>
	<i><u>November 1</u></i>	<i><u>May 1</u></i>			
2009	\$ 26,594	\$ 26,594	11/01/08	\$ -	\$ 53,188
2010	26,594	25,909	11/01/09	39,132	91,635
2011	25,909	25,175	11/01/10	40,219	91,303
2012	25,175	24,421	11/01/11	41,306	90,902
2013	24,421	23,617	11/01/12	43,480	91,518
2014	23,617	22,793	11/01/13	44,567	90,977
2015	22,793	21,916	11/01/14	46,741	91,450
2016	21,916	21,019	11/01/15	47,828	90,763
2017	21,019	20,069	11/01/16	50,002	91,090
2018	20,069	19,078	11/01/17	52,176	91,323
2019	19,078	18,018	11/01/18	54,350	91,446
2020	18,018	16,937	11/01/19	55,437	90,392
2021	16,937	15,785	11/01/20	57,611	90,333
2022	15,785	14,568	11/01/21	60,872	91,225
2023	14,568	13,307	11/01/22	63,046	90,921
2024	13,307	11,970	11/01/23	65,220	90,497
2025	11,970	10,557	11/01/24	68,481	91,008
2026	10,557	9,100	11/01/25	70,655	90,312
2027	9,100	7,437	11/01/26	73,916	90,453
2028	7,437	5,700	11/01/27	77,177	90,314
2029	5,700	3,890	11/01/28	80,438	90,028
2030	3,890	2,007	11/01/29	83,699	89,596
2031	2,007	-	11/01/30	88,047	90,054
	<u>\$ 386,461</u>	<u>\$ 359,867</u>		<u>\$ 1,304,400</u>	<u>\$ 2,050,728</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
2006 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2008

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>November 1</i>	<i>May 1</i>			
2009	\$ 206,164	\$ 206,164	11/01/08	\$ -	\$ 412,328
2010	206,164	202,881	11/01/09	164,137	573,182
2011	202,881	199,403	11/01/10	173,920	576,204
2012	199,403	195,859	11/01/11	177,181	572,443
2013	195,859	192,142	11/01/12	185,877	573,878
2014	192,142	188,294	11/01/13	192,399	572,835
2015	188,294	184,424	11/01/14	193,486	566,204
2016	184,424	180,424	11/01/15	200,008	564,856
2017	180,424	176,315	11/01/16	205,443	562,182
2018	176,315	171,070	11/01/17	209,791	557,176
2019	171,070	165,635	11/01/18	217,400	554,105
2020	165,635	157,918	11/01/19	308,708	632,261
2021	157,918	149,819	11/01/20	323,926	631,663
2022	149,819	141,314	11/01/21	340,231	631,364
2023	141,314	132,373	11/01/22	357,623	631,310
2024	132,373	123,052	11/01/23	372,841	628,266
2025	123,052	113,732	11/01/24	392,407	629,191
2026	113,732	104,026	11/01/25	408,712	626,470
2027	104,026	91,995	11/01/26	506,542	702,563
2028	91,995	76,505	11/01/27	619,590	788,090
2029	76,505	59,141	11/01/28	694,593	830,239
2030	59,141	40,933	11/01/29	728,290	828,364
2031	40,933	21,773	11/01/30	766,335	829,041
2032	21,773	-	11/01/31	869,600	891,373
	<u>\$ 3,481,356</u>	<u>\$ 3,275,192</u>		<u>\$ 8,609,040</u>	<u>\$ 15,365,588</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
2007 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2008

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>November 1</i>	<i>May 1</i>			
2009	\$ 26,434	\$ 26,434	11/01/08	\$ 5,435	\$ 58,303
2010	26,325	26,325	11/01/09	5,435	58,085
2011	26,217	26,217	11/01/10	39,132	91,566
2012	25,434	25,434	11/01/11	58,698	109,566
2013	24,260	24,260	11/01/12	65,220	113,740
2014	22,956	22,956	11/01/13	66,307	112,219
2015	21,630	21,630	11/01/14	65,220	108,480
2016	20,244	20,244	11/01/15	71,742	112,230
2017	18,719	18,719	11/01/16	76,090	113,528
2018	17,102	17,102	11/01/17	81,525	115,729
2019	15,370	15,370	11/01/18	83,699	114,439
2020	13,591	13,591	11/01/19	89,134	116,316
2021	11,697	11,697	11/01/20	90,221	113,615
2022	9,893	9,893	11/01/21	94,569	114,355
2023	8,001	8,001	11/01/22	100,004	116,006
2024	6,001	6,001	11/01/23	103,265	115,267
2025	3,936	3,936	11/01/24	109,787	117,659
2026	1,672	1,672	11/01/25	38,045	41,389
2027	887	887	11/01/26	41,306	43,080
	<u>\$ 300,369</u>	<u>\$ 300,369</u>		<u>\$ 1,284,834</u>	<u>\$ 1,885,572</u>

SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 CONTINUING DISCLOSURE
(UNAUDITED)

**Alpine Township
Taxable Value
Fiscal Years Ended June 30, 2004 Through 2008**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Alpine Township's Fiscal Years Ended June 30	Ad Valorem Taxable Value	Equivalent Taxable Value of Property Granted Tax Abatement Under Acts 198 and 255 (1)	Total Taxable Value	Percent Increase Over Prior Year
2002	2003	2004	\$ 328,858,213	\$ 7,873,579	\$ 336,731,792	4.57%
2003	2004	2005	342,982,054	6,932,781	349,914,835	3.91%
2004	2005	2006	352,971,709	7,790,558	360,762,267	3.10%
2005	2006	2007	370,761,846	9,101,286	379,863,132	5.29%
2006	2007	2008	395,200,722	9,787,716	404,988,438	6.61%

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2008 (2) \$28,977

(1) At the full tax rate. See "Tax Abatement".

(2) Based on Alpine Township's 2000 census population of 13,976.

Source: Alpine Township

**Alpine Township
Total Taxable Value by Use and Class
Fiscal Years Ended June 30, 2004 Through 2008**

Use	Fiscal Years Ending:				
	2004	2005	2006	2007	2008
Agriculture	\$ 22,768,714	\$ 23,532,617	\$ 24,232,409	\$ 25,484,761	\$ 28,076,189
Commercial	114,319,973	118,435,533	121,358,800	126,595,555	134,764,073
Industrial	29,207,981	31,899,715	32,816,255	36,094,457	28,676,246
Residential	164,040,924	170,822,970	177,508,103	186,712,059	198,235,714
Utility	6,394,200	5,224,000	4,846,700	4,976,300	5,448,500
	<u>\$ 336,731,792</u>	<u>\$ 349,914,835</u>	<u>\$ 360,762,267</u>	<u>\$ 379,863,132</u>	<u>\$ 395,200,722</u>
Class	2004	2005	2006	2007	2008
Real Property	\$ 307,897,735	\$ 321,875,927	\$ 334,241,849	\$ 352,723,762	\$ 369,576,155
Personal Property	28,834,057	28,038,908	26,520,418	27,139,370	25,624,567
	<u>\$ 336,731,792</u>	<u>\$ 349,914,835</u>	<u>\$ 360,762,267</u>	<u>\$ 379,863,132</u>	<u>\$ 395,200,722</u>

Source: Alpine Township

(UNAUDITED)

**Alpine Township
State Equalized Valuation
Fiscal Years Ended June 30, 2004 Through 2008**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Alpine Township's Fiscal Years Ended June 30	Ad Valorem SEV	SEV of Property General Tax Abatement Under Acts 198	Total SEV	Percent Increase Over Prior Year
2002	2003	2004	\$ 397,310,500	\$ 15,961,000	\$ 413,271,500	4.99%
2003	2004	2005	412,756,100	14,043,800	426,799,900	3.27%
2004	2005	2006	423,227,800	15,727,000	438,954,800	2.85%
2005	2006	2007	445,299,000	18,575,600	463,874,600	5.68%
2006	2007	2008	467,235,000	20,098,500	487,333,500	5.06%

Per Capita Total SEV for the Fiscal Year Ending June 30, 2008 (2)..... \$34,869

(1) See "Tax Abatement".

(2) Based on Alpine Township's 2000 census population of 13,976.

Source: Alpine Township

**Alpine Township
Total SEV by Use and Class
Fiscal Years Ended June 30, 2004 Through 2008**

Use	Fiscal Years Ended June 30				
	2004	2005	2006	2007	2008
Agriculture	\$ 37,396,100	\$ 37,694,400	\$ 39,263,200	\$ 40,267,900	\$ 43,110,900
Commercial	133,353,200	139,555,600	140,892,500	149,147,400	156,239,000
Industrial	41,046,100	42,437,500	44,298,300	48,853,900	32,018,200
Residential	195,081,900	201,888,400	209,654,100	220,629,100	230,418,400
Utility	6,394,200	5,224,000	4,846,700	4,976,300	5,448,500
	<u>\$ 413,271,500</u>	<u>\$ 426,799,900</u>	<u>\$ 438,954,800</u>	<u>\$ 463,874,600</u>	<u>\$ 467,235,000</u>
Class	Fiscal Years Ended June 30				
	2004	2005	2006	2007	2008
Real Property	\$ 380,494,700	\$ 394,974,200	\$ 407,989,600	\$ 432,113,500	\$ 441,598,100
Personal Property	32,776,800	31,825,700	30,956,200	31,761,100	25,636,900
	<u>\$ 413,271,500</u>	<u>\$ 426,799,900</u>	<u>\$ 438,945,800</u>	<u>\$ 463,874,600</u>	<u>\$ 467,235,000</u>

Source: Alpine Township

(UNAUDITED)

Tax Abatement

Alpine Township's taxable value does not include the value of certain facilities, which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198 (the "Act"). The Act was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of the Act, a local governmental unit (i.e., a city, village, or township) may establish plant rehabilitation districts, industrial development districts, and redevelopment districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under the Act entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under the Act, there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility, which is being restored or replaced, is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the taxable value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT Tax is also determined the same as the Ad Valorem Tax but, instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. For abatements granted prior to 1994, this millage rate equals $\frac{1}{2}$ of all tax rates levied by other than the state and local school district for operating purposes plus $\frac{1}{2}$ of the 1993 rate levied by the local school district for operating purposes. For abatements granted after 1994, this millage rate equals $\frac{1}{2}$ of all tax rates levied by other than the state plus none, $\frac{1}{2}$, or all of the state tax rate (as determined by the State Treasurer).

Alpine Township has established goals, objectives, and procedures to provide the opportunity for industrial development and expansion. Since 1974, Alpine Township has approved a number of applications for local property tax relief for industrial firms. Most abatements have been for new industrial facilities. The SEV of properties, which have been granted tax abatement under the Act 198, removed from the Ad Valorem Tax Roll, and placed on the IFT Tax Rolls, totaled \$20,098,500 for the fiscal year ending June 30, 2008. The IFT Taxes paid on these properties is equivalent to Ad Valorem Taxes paid on \$10,049,250 of taxable value at the full tax rate (the "Equivalent Taxable Value"). Upon expiration of the industrial facilities exemption certificates, the current equalized valuation of the abated properties will return to the Ad Valorem Tax Roll as taxable value.

**Alpine Township
Maximum Property Tax Rates
Fiscal Year Ended June 30, 2008**

Millage Classification	Millage Authorized	Applicable Millage Reduction Fraction	Maximum Allowable Millage
Allocated Operating	1.1000	1.0000	0.9413
Voted Operating (1)	1.0000	1.0000	0.9508

(1) Extra voter approved millage
Source: Alpine Township

**Alpine Township
Property Tax Rates
Fiscal Years Ended June 30, 2004 Through 2008**

Levy December 1	Fiscal Year Ended June 30	Allocated Operating	Voted Operating	Total
2003	2004	0.9431	0.9527	1.8958
2004	2005	0.9431	0.9527	1.8958
2005	2006	0.9431	0.9508	1.8939
2006	2007	0.9413	0.9508	1.8921
2007	2008	0.9413	0.9508	1.8921

Source: Alpine Township

**Alpine Township
Property Tax Collections
Fiscal Years Ended June 30, 2004 Through 2008**

Levy December 1	Fiscal Year Ended June 30	Tax Levy (1)	Collections to March 1 Following Levy	Percent Collected
2003	2004	\$ 582,954	\$ 564,691	96.87%
2004	2005	649,918	630,669	97.04%
2005	2006	683,244	681,900	99.80%
2006	2007	715,810	689,873	96.38%
2007	2008	743,573	742,320	99.83%

(1) Township taxes only. Includes taxes on properties granted tax abatement under Act 198. See "Tax Abatement."
Source: Alpine Township

(UNAUDITED)

**Alpine Township
Ten Largest Taxpayers
Fiscal Year Ended June 30, 2008**

<u>Taxpayer</u>	<u>Principal Product or Service</u>	<u>Taxable Value (1)</u>	<u>% of Total (2)</u>
York Creek Ltd.	Apartments	\$ 30,478,587	7.53%
Behr Ind Co	Manufacturing	6,178,400	1.53%
Menards, Inc.	Home Improvement	5,434,391	1.34%
Churchill Apartments	Apartments	5,119,852	1.26%
Commercial Tool & Die	Manufacturing	4,618,192	1.14%
Aspen/Alpine Project LP	Apartments	4,560,645	1.13%
SD Benner	Mixed use	4,526,563	1.12%
Wal-Mart Stores (SAMS)	Retail	4,223,000	1.04%
Wal-Mart Stores	Retail	4,216,537	1.04%
VanElslander (Art Van Furn)	Retail	4,061,770	1.00%
		<u>\$ 73,417,937</u>	<u>18.14%</u>

(1) Includes the Equivalent Taxable Value of property granted tax abatement under Act 198. See "Tax Abatement."

(2) Based on \$404,988,438, which is Alpine Township's Total Taxable Value for its fiscal year ended June 30, 2008.

Includes the equivalent taxable value of property granted tax abatement under Act 198. See "Tax Abatement."

Source: Alpine Township

**Alpine Township
Legal Debt Margin
As of June 30, 2008**

Debt Limit (1)		\$ 48,733,350
Debt Outstanding	\$ 14,127,747	
Less: Exempt Debt	<u>1,250,000</u>	
		<u>12,877,747</u>
Legal Debt Margin		<u>\$ 35,855,603</u>

(1) 10% of \$487,333,500, which is Alpine Township's Total SEV for the fiscal year ended June 30, 2008. Includes the SEV of property granted tax abatement under Act 198. See "Tax Abatement."

Source: Municipal Advisory Council of Michigan and Alpine Township

(UNAUDITED)

**Alpine Township
Debt Statement
As of June 30, 2008**

Alpine Township Direct Debt	Gross	Self-Supporting	Net
Share of North Kent Sewer Authority Bonds:			
Dated January 30, 2007 (Limited Tax) (1)	\$ 1,284,834	\$ 1,284,834	\$ -
Dated November 21, 2006 (Limited Tax) (2)	8,609,040	8,609,040	-
Dated December 22, 2005 (Limited Tax) (3)	1,304,400	1,304,400	-
Dated May 2, 2002 (Limited Tax) (4)	69,568	69,568	-
Dated September 12, 2001 (Limited Tax) (5)	1,104,392	1,104,392	-
Dated April 1, 2000 (Limited Tax) (6)	63,046	63,046	-
Dated May 1998 (Limited Tax) (7)	132,467	132,467	-
Subtotal	12,567,747	12,567,747	-
Special Assessment Bonds:			
Dated October 1, 2006 (Limited Tax)	650,000	650,000	-
Dated August 1, 1998 (Limited Tax)	505,000	505,000	-
Dated September 1, 1997 (Limited Tax)	95,000	95,000	-
Subtotal	1,250,000	1,250,000	-
General Obligation Bonds:			
Dated September 1, 1997 (Limited Tax)	95,000	-	95,000
Subtotal	95,000	-	95,000
Installment Purchase Obligations:			
Building and Property	215,000	-	215,000
Subtotal	215,000	-	215,000
Total	\$ 14,127,747	\$ 13,817,747	\$ 310,000

Per Capita Net Alpine Township Direct Debt (8) \$15
Percent of Net Direct Debt to Total SEV (9) 0.05%

Overlapping Debt (10)	Gross	Township Share As Percent of Gross	Net
Kent County	\$ 157,499,300	1.84%	\$ 2,897,987
Grand Rapids Community College	47,445,000	1.80%	854,010
Sparta School District	36,380,000	11.56%	4,205,528
Comstock Park School District	41,018,853	40.46%	16,596,228
Kenowa Hills School District	30,790,000	17.12%	5,271,248
Totals			\$ 29,825,001

(UNAUDITED)

**Alpine Township
Debt Statement
As of June 30, 2008**

Per Capita Net Overlapping Debt	\$2,134
Percent of Net Overlapping Debt to Total SEV	6.23%

Per Capita Net Direct and Overlapping Debt	\$2,149
Percent of Net Direct and Overlapping Debt to Total SEV	6.28%

-
- (1) Represents Township's portion of the North Kent Sewer Authority Bonds dated January 30, 2007.
 - (2) Represents Township's portion of the North Kent Sewer Authority Bonds dated November 21, 2006.
 - (3) Represents Township's portion of the North Kent Sewer Authority Bonds dated December 22, 2005.
 - (4) Represents Township's portion of the North Kent Sewer Authority Bonds dated May 2, 2002.
 - (5) Represents Township's portion of the North Kent Sewer Authority Bonds dated September 12, 2001.
 - (6) Represents Township's portion of the North Kent Sewer Authority Bonds dated April 1, 2000.
 - (7) Represents Township's portion of the North Kent Sewer Authority Bonds dated May 1998.
 - (8) Based on Alpine Township's 2000 census population of 13,976.
 - (9) Based on \$487,333,500 which is Alpine Township's Total SEV for the fiscal year ending June 30, 2008. Includes the SEV of property granted tax abatement under Act 198.
 - (10) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of Alpine Township are liable in addition to debt issued by Alpine Township.

Source: Municipal Advisory Council of Michigan and Alpine Township

INDEPENDENT AUDITORS' REPORT

Board of Trustees Township of Alpine, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Township of Alpine, Michigan, as of June 30, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Township of Alpine, Michigan, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison schedule, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary data, as listed in the contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The supplementary data has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's estimate of the valuation of intangible assets, and their related debt, associated with sewer system infrastructure owned by the North Kent Sewer Authority, is based on the Township's proportionate share of sewage flows as measured at the Four Mile Lift Station. The flows are measured annually and any changes will affect the valuation of these intangible assets and their related debt. We evaluated the key factors and assumptions used to develop the valuation of intangible assets, and their related debt, in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended June 30, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Alpine's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Alpine as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Alpine's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Alpine and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.